

***Health Care Summit Rapid Response #5:
--Speaker Pelosi Says Democrats' Bill Creates Jobs --***

Assertion 5 (2:31 p.m.):

Speaker Pelosi stated the following concerning jobs during this morning's session at the White House Summit: "So this bill is not only about the health security of America; it's about jobs. In its life, it will create 4 million jobs, 400,000 jobs almost immediately—jobs, again, in the health-care industry, but in the entrepreneurial world as well." Speaker Pelosi's claim is **false**. Here's why...

- According to a model developed by Christina Romer, President Obama's chief economic advisor, the \$729.5 billion in tax increases in the House-passed legislation (H.R. 3962) would demolish or destroy up to 5 million jobs.
- In addition, both the House and Senate bills have various versions of a "tax on jobs" in the form of an employer mandate. According to an [analysis](#) by Harvard Professor Kate Baicker, such a tax would place millions "at substantial risk of unemployment." The CBO also issued a [report](#) noting that, "a pay-or-play provision could reduce the hiring of low-wage workers, whose wages could not fall by the full cost of... a substantial pay-or-play fee if they were close to the minimum wage." It further found that the cost of such new mandates and taxes would be passed on to workers in the form of lower wages. In other words, a pay-or-play tax on jobs, in addition to destroying jobs, would drain the paychecks of those low-income workers most in need of additional purchasing power.
- The Administration has also proposed new Medicare taxes to fund their bill. In particular they have recommended that the government impose a Medicare tax on investment income. The Heritage Foundation analyzed this proposal and [found](#) that it would :
 - Result in an average of 115,000 lost job opportunities per year,
 - Reduce productivity by an average 0.01 percentage points per year,
 - Lose \$1.37 in gross domestic product (GDP) for every dollar of additional revenue collected,
 - Reduce household disposable income by \$17.3 billion [\[1\]](#) per year, and
 - Reduce the stock of household real net wealth by an average \$267 billion per year.

Does this remind you of the stimulus debate last year?

- The \$787 billion stimulus bill was promised to hold unemployment to 8%. A year after its enactment, the stimulus is now estimated to cost \$862 billion according to CBO and unemployment is 9.7%. It's working so well, that the Administration has requested additional stimulus spending as part of its FY 2011 budget (table S-8, "Temporary Recovery Measures," President's Budget, <http://www.whitehouse.gov/omb/budget/fy2011/assets/tables.pdf>).